

**EXHIBIT A
TO
TENNESSEE VALLEY AUTHORITY
NOTICE OF PUBLIC AUCTION**

**FONTANA RESERVOIR
TVA TRACT NO. XFR-9**

TERMS OF PUBLIC AUCTION

In case of dispute, the decision of the auctioneer will govern. The Tennessee Valley Authority (sometimes hereinafter referred to as "TVA"), as legal agent of the United States of America (sometimes hereinafter collectively referred to as "Grantor"), reserves the right to terminate, cancel, and/or postpone the auction at any time and reserves the right to reject any and all bids.

In the absence of a dispute requiring the decision of the auctioneer, the sale is final, and after the auction there will be no opportunity to raise the bid as permitted in court sales.

The minimum acceptable bid is \$45,650.00.

The Property will be sold to the highest qualified bidder.

On the day of the auction, the successful bidder (sometimes hereinafter referred to as "Purchaser" and sometimes hereinafter referred to as the "Grantee") must make settlement with the clerk of the sale and sign an agreement of purchase and sale.

The Purchaser will be required to make a minimum payment of twenty percent (20%) of the purchase price on the day of the sale and pay the balance within thirty (30) days of the date of the sale. Checks will be accepted.

In the event the high bidder is unable to make the payment required hereunder, the Property may be re-auctioned at TVA's sole option.

Should the Purchaser fail to pay the balance of the purchase price within the time limit established, the down payment may be retained by TVA as liquidated damages resulting from the Purchaser's default in payment.

Fraudulent bidders may be subject to prosecution under applicable federal statutes.

The acreage is believed to be correctly stated; however, the Property is not sold on an acreage basis and no warranty as to acreage is made.

The conveyance document will be delivered or mailed to the Purchaser at the address given to the clerk of the sale within fifteen (15) days from the date the successful bidder pays the purchase price in full.

The deed will contain special warranties of title. Title to the Property was examined by TVA prior to purchase and is believed to be good, but no further warranties or insurance will be furnished by TVA. The Property is sold "AS IS, WHERE IS" with no representations or warranties of any kind.

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TVA does not represent that the Property will be acceptable as security for loans of money or that it will not be rendered unacceptable as such security by reason of the deed provisions and restrictions applicable thereto. While TVA may have suggested or recommended in its advertising or otherwise what it believes to be the highest and best use of the Property, it does not represent or warrant that the same is safe or suitable in any respect for such use.

The Property was acquired by the United States of America by virtue of Warranty Deed from Carolina Aluminum Company, Nantahala Power and Light Company, and Aluminum Company of America, dated December 10, 1942, and recorded in Deed Book 45, page 266, in the office of the Register of Deeds for Graham County, North Carolina (TVA Tract No. FR-437).

The Property is subject to the rights of Carolina Aluminum Company, its successors or assigns to remove from the shore of Cheoah Reservoir and the land under said reservoir and to destroy or otherwise dispose of silt, drift, timber, vegetation, and other matter and to use said shore and land for purposes reasonably connected with the maintenance and operation of the Cheoah development as more specifically set out in subsection B of Article II of Exhibit "A" to that certain Agreement between Tennessee Valley Authority and Aluminum Company of America dated August 14, 1941, a copy of which may be found in the land records of TVA.

The Property will be conveyed subject to 1) such rights as may be vested in the state, county, or adjoining owners in any public road running through the Property; 2) such rights of third parties as would be revealed by a physical inspection or survey of the Property; 3) such rights of third parties as would be revealed by an examination of the public records of Graham County, North Carolina; and 4) any known or unknown encroachments located on the Property.

The Property will be restricted to use for public water treatment facility purposes, and any facilities and/or buildings located on the Property will be required to be publicly owned. In the event Grantee does not use the Property for public water treatment facility purposes or any facilities and/or buildings on the Property are not publicly owned, the Grantor, TVA, or their successors and assigns, may reenter and take possession of the Property as if this conveyance had never been made and without repayment of the purchase price.

Grantor reserves the right to enter upon said Property and do any and all things that TVA considers necessary and desirable in connection with its statutory program for river control and development. This right shall include, but not be limited to by reason of lack of specific enumeration, the right to temporarily and intermittently flood any portion of said Property with backwater created by the erection and operation of any dam or dams across the Tennessee River and its tributaries; and to the extent that the Grantor shall not unreasonably interfere with the Grantee's operations upon said Property, the right to clear, ditch, dredge, and drain said Property and apply larvicides and chemicals thereon, and the right to carry on bank protection work, erect structures, and do any and all other things which TVA deems necessary or desirable in the promotion and furtherance of public health, flood control, and navigation. Grantee, for itself, its successors and assigns, covenants and agrees that neither the United States of America nor TVA shall be responsible for any damages incurred as a result thereof.

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Grantor, its agents and assigns, shall not be liable for any loss or damage to said Property or any improvements located thereon due to erosion or soakage of said Property as a result of wave action, fluctuation of water levels, or other causes.

Grantor reserves the right to maintain any existing boundary and traverse monuments and silt range stations upon said Property.

The conveyance of the Property will include rights of ingress to and egress from the Property over a TVA access road as shown on Exhibit C.

Grantee, by acceptance of the Special Warranty Deed, will covenant and agree on behalf of itself and its successors and assigns that the following shall constitute real covenants which shall attach to and run with the land and shall be binding upon anyone who may hereafter come into ownership thereof, whether by purchase, devise, descent, or succession:

- (a) Use of said Property shall be limited to public water treatment facility purposes only.
- (b) Grantee shall control or cause to be controlled all emissions of pollutants that might be discharged or released directly or indirectly into the atmosphere, into any stream, lake, reservoir, watercourse, or surface or subterranean waters, or into or on the ground from any part of said Property, in full compliance with all applicable standards and requirements relating to pollution control of any kind now in effect or hereafter established by or pursuant to federal, state, or local statutes, ordinances, codes, or regulations.
- (c) Grantee shall conduct all land-disturbing activities on said Property in accordance with best management practices to control erosion and sedimentation so as to prevent adverse impacts on water quality and related aquatic interests in order to meet the requirements of Section 208 of the Clean Water Act and implementing regulations.
- (d) The owner/operator of any public water treatment facility located on the Property shall supply water to TVA at reasonable rates.
- (e) Grantee shall not construct any future facilities or place any equipment subject to flood damage unless located above or floodproofed to the elevation of 1293.0 feet mean sea level.
- (f) Grantee will not construct any structure, facility, or building for which approval is required under Section 26a of the Tennessee Valley Authority Act of 1933, as amended, until plans for such structure, facility, or building have been submitted to TVA and have been approved in writing in accordance with established procedures. Nothing in this instrument shall be construed as constituting or evidencing such approval by TVA.

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- (g) Grantee will not construct any buildings or structures within the floodplain except as approved in writing by TVA.
- (h) Grantee will not perform any tree removal or clearing of the Property between April 1 and November 14.
- (i) Any other terms, conditions, and/or requirements TVA finds necessary to protect its statutory obligations, program requirements, and other interests.